
**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
HEALTH BENEFITS COMMITTEE
MEETING MINUTES**

March 13, 2007

The Health Benefits Committee met on Tuesday, March 13, 2007, in the Lincoln Plaza North Building, 400 Q Street, Sacramento, California.

The meeting was called to order at 10:20 a.m. with the following members present:

George Diehr, Chair
Priya Mathur, Vice Chair
Marjorie Berte
John Chiang
Rob Feckner
Debbie Endsley representing David Gilb
Steve Coony representing Bill Lockyer
Tony Oliveira
Charles Valdes

Other Board members present:

Robert Carlson
Maeley Tom

AGENDA ITEM 2 – ANNOUNCEMENT OF CLOSED SESSION TO DISCUSS 2008 HEALTH PLAN CONTRACT NEGOTIATIONS

The Chair announced that a closed session would be held upon conclusion of the Health Benefits Committee open session, to discuss 2008 health plan contract negotiations.

AGENDA ITEM 3 – APPROVAL OF THE FEBRUARY 21, 2007, HEALTH BENEFITS COMMITTEE MEETING MINUTES

The February 21, 2007, Health Benefits Committee meeting minutes were approved as presented.

AGENDA ITEM 4 – ELECTIONS OF HEALTH BENEFITS COMMITTEE CHAIR AND VICE CHAIR

On **MOTION** by Marjorie Berte, **SECONDED** and **CARRIED**, George Diehr was re-elected as Chair of the Health Benefits Committee.

On **MOTION** by Marjorie Berte, **SECONDED** and **CARRIED**, Priya Mathur was re-elected Vice Chair of the Health Benefits Committee.

AGENDA ITEM 5 – PARTNERSHIP FOR CHANGE UPDATE

As an information item, Loren Suter, Senior Strategic Advisor, presented an update on the two components of the Partnership for Change: California Hospital Assessment and Reporting Taskforce (CHART) and the Hospital Value Initiative.

Mr. Suter gave an overview of the new CHART web site, at www.CalHospitalCompare.org, which launched on March 6, 2007. This site rates quality of care, patient satisfaction, and safety measures for California Hospitals. The new web site is a major milestone with the Partnership for Change Initiative.

After some hesitation from hospitals, the Hospital Value Initiative is now back on track with full collaboration. The HVI Steering Committee met in January 2007, and agreed on a process and timeline for moving forward. The participants also agreed to form three work groups with consistent participation by designated individuals to address policy, technical and legal issues.

Tom Moore, California Healthcare Coalition and the California State Council of SEIU, spoke on this item.

AGENDA ITEM 6 – BLUE SHIELD OF CALIFORNIA'S EXCLUSIVE PROVIDER ORGANIZATION AND DIRECT CONTRACT COUNTIES

Gregory Franklin, Assistant Executive Officer, Health Benefits Branch, announced that this item was deferred to the April 17, 2007, Health Benefits Committee meeting.

Christy Bouma, California Professional Firefighters, spoke on this item.

AGENDA ITEM 7 – BLUE SHIELD OF CALIFORNIA'S HMO HIGH PERFORMANCE NETWORK OPTION FOR 2008

Gregory Franklin, Assistant Executive Officer, Health Benefits Branch, announced that this item was deferred to the April 17, 2007, Health Benefits Committee meeting.

Christy Bouma, California Professional Firefighters, spoke on this item.

AGENDA ITEM 8 – UPDATE STATUS – THIRD-PARTY ADMINISTRATOR CONTRACT FOR SELF-FUNDED PLANS

As an information item, Beverly Craig, Manager, Self-Funded and Long-Term Care Unit, informed the Committee that staff remains in negotiations with Blue Cross of California. Staff are overall satisfied with the progress and hope to bring a recommendation to the Health Benefits Committee at the April 17, 2007 meeting, to award the contract to Blue Cross of California.

AGENDA ITEM 9 – 2007-08 PROPOSED HEALTH POLICY PRIORITIES FOR LEGISLATION PURSUANT TO STRATEGIC PLAN

Wendy Notsinne, Chief, Office of Governmental Affairs, presented the health policy priorities recommended by staff for the 2007/2008 legislative session. The adoption of these legislative priorities will provide direction to the Office of Governmental Affairs in identifying and focusing its effort on those issues that most impact the strategic direction of the CalPERS health program.

On **MOTION** by Marjorie Berte, **SECONDED** and **CARRIED**, the Committee recommended the Board approve staff's recommendation to; 1. Adopt the 2007/08 Health Policy Priorities for

legislation pursuant to the strategic plan; and, 2. Direct staff to bring legislation identified in these priorities to the Board for positions, and seek opportunities to advance the identified goals.

AGENDA ITEM 10 – 2007-08 PROPOSED FEDERAL HEALTH POLICY LEGISLATIVE PRIORITIES

Wendy Notsinneh, Chief, Office of Governmental Affairs, introduce Tom Lussier, President, Lussier, Gregor, Vienna & Associates. Mr. Lussier presented the federal health policy legislation priorities recommended by staff for the 110th Congress. The adoption of these priorities will provide direction to the Office of Governmental Affairs and to our federal legislative representative to identify and focus their efforts on those issues that most impact the strategic direction of the CalPERS health benefits program.

On **MOTION** by Marjorie Berte, **SECONDED** and **CARRIED**, the Committee recommended the Board approve staffs recommendation to: 1. Adopt the Federal Health Policy Priorities for 2007-08; and, 2. Direct staff to monitor federal proposals based on these priorities, and seek opportunities to advance the identified goals.

AGENDA ITEM 11 – GOVERNOR’S HEALTH CARE REFORM INITIATIVE

Gregory Franklin, Assistant Executive Officer, Health Benefits Branch, introduced Herb Schultz, Senior health Policy Advisor for Governor Schwarzenegger. Mr. Schultz highlighted the key points and incentives for the Governor’s Health Care Reform Initiative. The Governor’s Plan has three core elements. The first essential element has to do with prevention, health promotion and wellness; the second is health care coverage for all; and, the last element is affordability and cost containment.

AGENDA ITEM 12 – ASSISTANT EXECUTIVE OFFICER REPORT

Gregory Franklin, Assistant Executive Officer, Health Benefits Branch, had no items to report.

AGENDA ITEM 13 – PROPOSED AGENDA FOR APRIL 17, 2007, HEALTH BENEFITS COMMITTEE MEETING

The proposed agenda for the April 17, 2007, Health Benefits Committee was accepted as presented.

AGENDA ITEM 14 – PUBLIC COMMENT

Roger Marxen, Executive Vice President, California State Employees’ Association, Retired Division, spoke on the status of the distribution of Medicare Part D funds.

The next meeting of the Committee is scheduled for April 17, 2007, in Sacramento, California, following adjournment of the Benefits and Program Administration Committee.

FRED BUENROSTRO
Chief Executive Officer